GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1427
ANSWERED ON:11.03.2005
SCAMS IN COOPERATIVE BANKS
Maheshwari Smt. Kiran;Varma Shri Ratilal Kalidas

Will the Minister of FINANCE be pleased to state:

:

(a) whether the Government is aware that a number of cases of fraud in the cooperative banks have come to the light in the country during the last three years;

(b) if so, the details thereof and the action taken by the Government thereon; and

(c) the steps taken by the Government to improve the position of cooperative banks?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM) :

(a) to (c) Yes, Sir. In the years 200, 2003 and 2004 the number of frauds reported in Primary (Urban) Cooperative Banks are 164, 241 and 167 respectively. Similarly, as on 31st March, 2002, 2003 and 2004, the fraud cases reported in State-Co-operative Banks are 21, 23 and 25 and in case of District Central Cooperative Banks the number of fraud cases reported are 275, 284 and 292 respectively.

A revised manual on internal checks and branch control, the format of annual branch inspection report and guidelines on examination on various areas during internal inspection of branches have been issued by NABARD to all Cooperative Banks. Reserve Bank of India has cancelled licenses of several co-operative banks and issued directions under Section 35A of the Banking Regulation Act, 1949(AACS). Besides, RBI has taken several steps to bring improvement in the working in cooperative banks such as a separate cell to monitor fraud. prescribing system of classfication and reporting of frauds, constitution of audit committee of the Board of Directors, guidelines to urban cooperative banks for strengthening the internal control/vigilance mechanism, introduction of system of concurrent audit, introduction of electronic data processing audit system and others.